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No. 1047

In the

Supreme Court of the United States

OCTOBER TERM, 1967

THE NATIONAL INSIDER, INC.,

Petitioner,

vs.

BEST MEDIUM PUBLISHING CO., INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

ELMER GERTZ
120 South LaSalle Street
Chicago, Illinois 60603
Attorney for Petitioner

The Scheffer Press, Inc.—ANdover 3-6850

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To the Justices of the Supreme Court of the United States:

Petitioner, National Insider, Inc., respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit affirming the decision of the United States District Court for the Northern District of Illinois, Eastern Division, finding the petitioner guilty of infringing copyrights held by respondent.

OPINIONS BELOW

The Court of Appeals unanimously affirmed the decision of the United States District Court for the Northern District of Illinois, Eastern Division. Its decision, not yet reported, is included herein as Appendix A.

The opinion of the District Court finding petitioner guilty of infringing respondent's copyrights is reported in 259 F.Supp. 433 and is included in the record.

JURISDICTION

The judgment of the United States Court of Appeals for the Seventh Circuit was entered on October 31, 1967. Petitioner's petition for rehearing was denied on November 29, 1967. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

QUESTIONS PRESENTED

1. Whether the constitutional provision with respect to the protection of authors requires that, in the absence of agreement otherwise, the author retains all rights in his work.

2. Whether there is a presumption of law that an author is divested of all copyright rights when he sells an article to a tabloid newspaper publisher who does not specify the particular rights which it has purchased and the author contends that he has sold only one-time publication rights.

3. Whether a proven custom and usage in the tabloid newspaper field, that when no specific rights are stated in the sale of a manuscript only one-time publication rights are conveyed, may be ignored or over-ridden when the court finds that there is silence on the rights sold.

4. Whether publisher's destruction of manuscripts containing statements of the rights sold or withheld in the manuscripts must be taken as disproving publisher's contention that it owned all rights, although it did not assert such contention when it acquired the manuscripts.

5. Whether articles composed entirely of material in the public domain (such as mere handouts by Hollywood publicity agents) are copyrightable, without any substantial originality of content or construction, and with merely trivial changes.

6. Whether defendant is the prevailing party and thus entitled to costs under 17 U.S.C. §116, as to those charges of the complaint dismissed at the time of trial, after defendant has gone to great trouble and expense to prepare its defense thereto.

7. Whether plaintiff may prevail when all evidence produced before the trial judge is in the form of depositions, offers of proof and exhibits and the trial judge finds that defendant's evidence has fully established its defense as to custom and usage.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

This case arises under Article I, Section 8, clause 8 of the United States Constitution and Sections 3, 9, 10 and 116 of the Copyright Act, Title 17 U.S.C.

Article I, Section 8, Clause 8, United States Constitution:

> "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for Limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries:"

17 U.S.C. §3:

"The copyright provided by this title shall protect all the copyrightable component parts of the work copyrighted, and all matters therein in which copyright is already subsisting, but without extending the duration or scope of such copyright. The copyright upon composite works or periodicals shall give the proprietor thereof all the rights in respect thereto which he would have if each part were individually copyrighted under this title."

17 U.S.C. §9:

"The author or proprietor of any work made the subject of copyright by this title, or his executors, administrators, or assigns, shall have copyright for such work under the conditions and for the terms specified in this title: . . ."

17 U.S.C. §10:

"Any person entitled thereto by this title may secure copyright for his work by publication thereof with the notice of copyright required by this title; and such notice shall be affixed to each copy thereof published or offered for sale in the United States by authority of the copyright proprietor, except in the case of books seeking ad interim protection under section 22 of this title."

17 U.S.C. §116:

"In all actions, suits or proceedings under this title except when brought by or against the United States or any officer thereof, full costs shall be allowed, and the Court may award to the prevailing party a reasonable attorney's fee as part of the costs."

STATEMENT OF THE CASE

This case involves a charge of copyright infringement and unfair competition, brought pursuant to 28 U.S.C. §1338. Respondent herein, Best Medium Publishing Co., is the publisher of a weekly tabloid newspaper entitled "The National Enquirer". Petitioner herein, National Insider, Inc., publishes a weekly tabloid newspaper entitled "The National Insider". Both publications contain news and feature articles with a human interest and sensational approach. The articles appearing in these newspapers are designed for their immediate and transitory appeal and lose their value to the publisher, but not to the author, by the time the next issue appears on the newsstands.

The case was tried on depositions, offers of proof, exhibits and other pre-trial discovery. There was no adverse examination except in the case of depositions, and no witnesses testified before the trial judge.

The corresponding articles appearing in both publications, of which respondent complained, were written by the same authors. They appeared in petitioner's publication from two to five years after they had been published by respondent. Every one of the authors stated that they had sold to respondent no more than the right to print and publish their story once, retaining all other rights themselves. They testified that they had subsequently either placed the articles with a syndicator for resale or had resold them personally. Petitioner received these articles from either the syndicator or the author and had been assured in each instance, verbally and in writing, that the seller had the right to resell them. Petitioner introduced specific evidence from the authors and syndicators of each of the articles involved, which showed that no more than the right to print the articles once had been

sold to respondent. Petitioner did not know, and had no reasonable means of knowing that the articles had appeared in the respondent's publication years previously.

It was uncontradicted, as stated by a former employee of respondent, that in many instances the rights purchased by respondent were marked upon the manuscript. Respondent was unable to produce these manuscripts, as it had deliberately destroyed them. Petitioner, on the other hand, introduced the manuscripts of every one of its articles and other documentation in connection with them.

Even assuming that nothing had been said at the time the manuscripts were first sent to respondent as to the rights it was acquiring, there is an established custom in the tabloid newspaper industry (as conceded by the trial judge) that when nothing is said between author and publisher as to the rights being conveyed, the publisher acquires no more than one-time publication rights. The amounts paid by respondent for these articles, from $25 to $100, are so small that no author could live on such return unless he republished them several times. This custom was established to the satisfaction of the trial judge by petitioner's expert witnesses: an editor in the field who is in charge of purchasing articles for a similar publication, the proprietor of a press service which supplies pictures and fact sheets to publications in the field and at least four others connected with trade associations and periodicals. The trial judge specifically found:

> *"There can be no doubt that defendant's evidence supports its contention that there is an established custom and usage that free lance authors selling to a tabloid sell only first rights."* (Emphasis supplied)

Despite the clear statements by the authors that they had sold only first publication rights to respondent

and the trial court's specific finding that the established practice in the industry that writers sell only first rights, the judge, unaccountably, found that petitioner had infringed respondent's copyrights. This conclusion was based upon his impression that:

> "it would seem to be the law *as established by the treatises* that where an author sells an article to a periodical without specification of the rights he is conveying that he transfers his entire right to the publisher who has the right to a copyright thereon." (emphasis supplied)

He found this to be the law, despite the clearly established factual situation, and without relying upon any pertinent cases, and despite the fact that he felt "the law in this field is not as clearly and definitely defined as it would wish." He ignored the burden of proof plaintiff had, the constitutional protection of authors and just about everything else in order to find, unaccountably, in favor of respondent.

Four of the articles named in the amended complaint dealt with Hollywood personalities. Stories concerning persons such as these have a nature all their own. It is the custom in the tabloid newspaper industry, as well as elsewhere, to use, reuse, quote and requote Hollywood material almost at will. This is due to the fact that there is virtually nothing new to be said about these personalities after thousands of interviews, many of which are fabricated by press agents. Only the most trivial changes are made in the handouts submitted by the press agents of Hollywood personalities.

The only author of these Hollywood articles who testified directly, by way of deposition, stated that he obtained much of his material from news sources which are available to all newsmen. None of the material which purports

to be quotations from the subject of the article was original with him. There were direct quotations from the source.

In connection with these specific articles, petitioner introduced numerous exhibits showing that all articles on these persons are rewrites of the same material. Respondent offered nothing to rebut this. The court ignored the material.

The Court of Appeals mistakenly held that under the copyright law, substantial originality is not required and that "originality, in the context of the copyright laws, means little more than a prohibition of actual copying."

At the trial respondent dismissed three of its counts and all contentions as to photographs, and introduced no evidence to support its claim of unfair competition. Petitioner immediately asked for costs and fees. The courts below refused to hold that petitioner was the prevailing party as to these counts and thereby entitled to costs under 17 U.S.C. §116.

REASONS FOR GRANTING THE WRIT

This petition raises serious, substantial and fundamental questions under the Constitution and Copyright Act relating to the rights of authors in the materials which they, and they alone, create. The decision of the trial court, affirmed by the Court of Appeals, deprives authors selling articles in the periodical field of the fruits of their labor, unless by some chance they can guess as to which alleged legal scholars a court will find acceptable. At the same time, it makes a mockery of the Copyright Act, placing unimaginative, uncreative rehashes of publicity agent-concocted material found in the public domain by hacks, on the same status as bona fide original efforts by true creative authors.

Both petitioner and respondent are engaged in the business of publishing tabloid newspapers containing news and feature articles with a human interest and sensational approach. The stories they print are designed for their immediate and fleeting appeal. Their value is gone, so far as the publisher, but not the author, is concerned, the moment the next weekly issue hits the newsstands. Respondent does not bother to retain its manuscripts more than a few weeks, and after six months from the date of publication destroys all copies of its issues save one kept on microfilm. It is in this setting that respondent brought suit against petitioner for copyright infringement and unfair competition, basing its claims upon similar articles in both publications, by the same authors, appearing from two to five years apart when memory as to the articles had vanished.

Laying aside for the moment the copyrightability of the articles in question, the basic issue in this case turns upon the right of respondent to obtain a copyright to the articles claimed to have been infringed by petitioner. It is a basic requirement of copyright law that in order for an entity such as respondent to obtain a copyright to any article printed in its publication, it must be the author or proprietor thereof. Section 10 of 17 U.S.C states that any person entitled to a copyright under the Act shall secure such copyright by publication with the appropriate notice. Section 3 of that title states that "the copyright upon composite works or periodicals shall give to the *proprietor* thereof all rights . . . which he would have if each part were individually copyrighted." Section 9 makes it clear that only "the *author or proprietor* of any work made the subject of copyright by this title . . . shall have copyright for such work." Thus, before respondent may complain of infringement of any article contained in its publication it must prove that it was the proprietor there-

of and had the right to obtain such copyright. If the right to secure such copyright is not given to the publisher, it is a mere licensee and has no rights beyond the permission to have the article appear in its publication. *Mifflin* v. *R. H. White Co.*, 190 U.S. 260, 262 (1903). A blanket copyright of an issue of a periodical creates no copryight to an individual article unless the right to secure such copyright has been assigned by the author. *Morse* v. *Fields*, 127 F.Supp. 63, 65 (S.D.N.Y. 1954).

In *Morse, Egner* v. *E. C. Schirmer Music Co.*, 139 F.2d 398 (1st Cir. 1943), *cert. denied*, 322 U.S. 730 (1940) and *Public Ledger* v. *New York Times*, 275 Fed. 562 (S.D.N.Y. 1921), *affirmed* 279 Fed. 747 (2d Cir. 1921), *cert. denied*, 258 U.S. 627 (1922) it was made perfectly clear that it is an issue of fact in each case whether or not the author intended to transfer his right to obtain a copyright to the publisher. Accordingly, both parties introduced documentation (there was no trial in the usual sense) in the trial court, respondent to show (unsuccessfully) that it had purchased all rights to the stories, petitioner to show (conclusively) that only one-time usage rights had been conveyed to respondent, the authors retaining the right to re-sell to petitioner.

A short comment should be made here upon the character of the proceedings before the trial court. No live witnesses appeared before the trial judge. The entire case was submitted on depositions, offers of proof, answers to interrogatories and exhibits. Petitioner contended, and the Court of Appeals agreed, that in these circumstances, the findings of the trial court on the evidence are not binding upon the reviewing court. See also *Miller* v. *C.I.R.* 327 F.2d 846 (2d Cir. 1964), *cert. den.*, 379 U.S. 816, 85 S. Ct. 32, 13 L.Ed. 2d 28; *Orvis* v. *Higgins*, 180 F.2d 537 (2d Cir. 1950) and cases cited in the opinion of the Court of Appeals.

The evidence upon which respondent relied to satisfy its burden of proving that it had secured the right to copyright of the articles herein and ownership of all rights therein consisted of nothing more than a few self-serving, statements of employees (contradicting admissions by the same persons) that it followed the practice (not divulged to anyone, apparently) of purchasing all rights to a story and that it would not purchase a story from an author if he wished to retain any rights. At the time its former managing editor's deposition was taken, he admitted that he had never had any conversation with the authors of any of the articles involved in this suit prior to this proceeding as to the rights conveyed by them. He further admitted that when the correspondence and checks between the author and publisher do not designate what rights are being purchased, it depends upon the agreement with the individual author as to what is sold, and could differ from author to author.

Petitioner, on the other hand, introduced evidence as to each and every article (usually testimony from the author thereof and his agent) which unequivocally showed that only one-time publication rights had been conveyed to respondent. Petitioner also introduced uncontradicted evidence that the rights which were being sold to respondent were often noted upon the manuscript of the articles. Respondent was unable to produce even one of the manuscripts of the articles involved herein, because it had deliberately destroyed the manuscripts. It is well established that where a party fails to produce evidence in his control it will be presumed that such evidence is favorable to his opponent. *NLRB* v. *Ford Radio & Mica Corp.*, 258 F.2d 457, 463 (2d Cir. 1958); *Wenninger* v. *United States*, 234 F.Supp. 499, 508 (D.Del. 1964); and *Motor Launch No.*

12, 65 F.Supp. 252 (E.D.Pa. 1946). This conclusion must be inescapable where it is the plaintiff who is unable to present the single piece of evidence which will conclusively establish or refute his claim, because he has destroyed it.

Despite this failure of respondent to produce the vital proof which would clinch its claim, the Court of Appeals ignored every bit of petitioner's evidence and held that "the contracts between the Enquirer and the authors were silent on this point." Finding the evidence of the actual contracts undeterminative of the issue, the Court of Appeals and the trial court then turned to evidence of the custom in the industry. Respondent offered to prove by witnesses and so-called experts who had no experience in this field, that where an article is sold to a periodical and nothing is said as to the rights sold, the practice is that the publisher acquires all rights. Petitioner, on the other hand introduced evidence from six bona fide experts who were familiar with the field and who were engaged in working therein constantly that the custom in the industry was that when an article is sold to a publisher and no specific rights are stated, the publisher obtains nothing more than the right to publish the story once, all other rights being retained by the author.

Respondent itself set forth in *Writer's Handbook*, the trade publication, its purchase of "first North American rights." It did not claim that it purchased all rights.

If anything is clear in the confused and murky opinion of the trial court it is the fact that the evidence produced by petitioner concerning the custom and usage in the industry was conclusive. Thus, the trial judge held:

> "There can be no doubt that defendant's evidence supports its contention that there is an established custom and usage that free lance authors selling to a tabloid sell only first rights."

This was reinforced by the Court's further holding that:

> "Defendant's evidence supports its position that free lance authors could not afford to research and write articles for the paltry sums paid, unless they were permitted to sell for republication in other tabloids."

Having found that petitioner's evidence supported its contentions as to custom and usage in the field and that the evidence was conflicting upon the specific agreements between the authors and respondent, and despite his feeling that the law in the area was uncertain, the trial judge based his decision on "the established principle of law that where no terms are agreed upon on the sale of an article the law presumes no reservation of right in the author." Who has established this principle? Not the cases, not the facts, but in the trial court's own language:

> "It would seem to be the law as *established by the treatises* that where an author sells an article to a periodical without specification of the rights he is conveying that he transfers his entire right to the publisher who has the right to a copyright thereon." (Emphasis supplied)

The only case cited to support this proposition by the trial judge is one which deals with a situation where the publisher engaged the author to produce the specific work, not, as is involved here, where a free-lance author came to the publisher with a work he had produced independently.

This view, which has no decisional law to support it, is clearly contrary to the purpose of the copyright act and the constitutional provision upon which it is based. The Constitution sets as the purpose of copyright protection, "to promote the progress of science and useful arts." As was said by this Court in *Mazer* v. *Stein*, 347 U.S. 201, 219 (1954):

> "The economic philosophy behind the clause enpowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'"

This is based upon the premises that the public benefits from the creative activities of authors, and that the copyright monopoly is a necessary condition to the full realization of such creative activities. Creative activities for the benefit of the public can flourish only if the author is assured that he will receive compensation from his efforts sufficient to induce him to continue with those efforts. If an author is deprived of a just return upon his investment of time and creativity he will surely withdraw from this pursuit to enter one which is more conducive to the effective exploitation of his talents.

More authors write for magazines, newspapers and periodicals than for any other medium. This is the proving ground for young authors, and a livelihood for many. By the very nature of the medium, the articles, once read, are discarded and forgotten.

The framers of our Constitution and the drafters of the Copyright Act dealt upon the assumption that an author must be given a reasonable incentive to induce him to continue with his efforts, to the benefit of the public at large. The presumption relied upon by the courts below can have nothing but a repressive effect upon the efforts of authors. This presumption gives protection not to the author, as envisioned in the Constitution and the Act, but to sharp publishers who would deprive authors of a just return for their labors. The instant case is a perfect example. Respondent advertised for material in a trade magazine thusly:

"National Enquirer . . . Circulates weekly to over 1 million; single copy price, 15¢. Purchases single or series b&w photos. Pays $15 to $100; the average is above $25 *for first North American Rights.*" (D.Ex. 1, A. 123) (Emphasis supplied)

An author relying upon this advertisement sends his manuscript to respondent, and receives $25.00 or some other small sum. Of course, he says nothing about the rights he wishes to sell to the publisher, who also says nothing. Subsequently, the author, reasonably believes he has reserved all rights in his work, wishes to resell his article to another publisher, and does so, having no notice whatsoever that he is not free to do so. Suddenly, a suit for copyright infringement ensues and the author discovers, contrary to his belief and without any prior notice, that he has been divested of any interest in his creation as a result of a presumption of law created not by the legislature or the courts, or the actual custom in the trade, but by another author, hired for that purpose, who happens to have written a legal treatise, which does not really deal with the matter.

There is yet a further effect from this rule. A publisher receives a manuscript from an author, who informs him that the article is his and he has a right to sell it. The publisher publishes the article and is suddenly sued for copyright infringement. The author reasonably believes that he has the right to sell his article a second time and the publisher relies upon this belief. He has no means of even knowing where, if at all, the material was previously published. He is then hauled into court and found guilty of copyright infringement on the ground that the author cannot prove that he retained rights in his own property. The plaintiff claims, ex cathedra, that he has purchased all rights to the article, but produces no tangible proof thereof.

The author contends that he specifically noted on the manuscript that he was selling only one-time publication rights to the first publisher, but this avails him not, since the plaintiff has destroyed the manuscript. The defendant proves to the satisfaction of the judge that the practice in the industry is to purchase only one-time rights. Yet, he is forced to pay damages to the plaintiff on the ground that the law presumes that whenever an author permits his article to be published he has been deprived of all rights in that manuscript!

Such a situation is beyond all comprehension. It must make a shambles of the publishing industry. A publisher will never be able to rely upon an author's representation that he has sold only one-time publication rights to a prior publisher, unless the author can prove that he has specifically elicited from that prior publisher a written acknowledgment of such fact. The business of publishing a periodical will become so hazardous and uncertain that many in the field will withdraw therefrom rather than run the risk of constant and numerous suits for copyright infringement. Thus, in the end, the public will be the loser, for it will be deprived of the benefit of the author's works. The fact that the work has been published once does not militate against this view. Not everyone reads the same periodical. Our society has demonstrated, time and time again, in every way imaginable, its preference for the freest possible dissemination of ideas. The presumption established by certain few "treatise writers", not necessarily accurate in their pronouncements, and accepted by the Court below, goes directly against this preference. An author should be allowed to spread his views and ideas as far and wide as he is able. If any presumption must be drawn, the only one consistent with the Constitution, the Copyright Act and the fabric of our society is the presumption exactly opposite the one drawn below.

It is relatively simple for a publisher to require an author to sign a short contract, release, or letter, stating that the publisher is given all rights to the article which it has printed, if it desires to acquire such rights. This poses no burden whatsoever upon the publisher or anyone else. The author, on the other hand, cannot be expected to presume that he is losing all of his rights unless he takes some affirmative action to protect them. Even if he does take such action, such as noting the rights he has sold upon the manuscript, the publisher may evade this with impunity by merely destroying the manuscript, if we are to accept the view of the courts below.

This presumption drawn by the Courts below also conflicts with the well-settled rule that "parties who contract on a subject-matter concerning which known usages prevail incorporate such usages by implication into their agreements, if nothing is said to the contrary." *Hostetter* v. *Park,* 137 U.S. 30, 40, 11 S.Ct. 1,4,34 L.Ed. 568; *Pacific Grape Products Co.* v. *C.I.R.,* 219 F.2d 862, 867 (9th Cir. 1955); *Dixon, Irmaos & Cia, Ltd.* v. *Chase Nat. Bank of City of N.Y.,* 144 F.2d 759, 762 (2d Cir. 1944), *cert. denied* 324 U.S. 850, 65 S.Ct. 687, 89 L.Ed. 1410; *Baker* v. *Nason,* 236 F.2d 483, 492 (5th Cir. 1956); and *United States* v. *Copeland Milnes Wool Co.,* 242 F.2d 659, 663 (7th Cir. 1957).

There is at least one more effect of the decision below which is critical to the law of copyright. The Court of Appeals held that the amount of originality required to render a work copyrightable is extremely small, indeed non-existent in a real sense:

> ". . . it is well settled that copyrighted matter need not be strikingly unique or novel. A distinguishable variation suffices. Because of the Enquirer's different

> adaptation and arrangement of words in these articles, there was enough originality to bring the articles within the protection of the copyright law even though they were derived from other sources. Originality, in the context of the copyright laws, "means little more than a prohibition of actual copying".' " (citations omitted)

What the Court below seems to be saying is that any hack who takes material from the publicity agent of a Hollywood star or other similar sources and rearranges it slightly, without contributing anything new or different of his own is just as entitled to a copyright as the one who first brought the material to publication. The court equates the test for determining whether there has been copying so as to show an infringement with the test of originality, when it says that originality "means little more than a prohibition of actual copying." This view, if accepted, will deprive the copyright laws of all meaning. The Constitution is very clear on this aspect. It provides that the purpose of giving copyright protection of authors is to "promote the progress of science and useful arts." How can progress of useful arts be promoted by giving copyright protection to every hack who reprints material from publicity agents or the public domain? Should material in the public domain be transformed into a new and different area or form, this, of course, is something original, worthy of protection, but the reprinting of the same material in the same way as has been done countless times before is not original.

Four of the articles involved in this suit are perfect examples of the reprinting of material which has been published and republished in every conceivable manner in every conceivable medium so there is no conceivable manner of adding anything original. These four articles dealt with well-known Hollywood personalities. Stories concerning persons such as these have a nature all their own. It is

the custom in the tabloid industry, as well as elsewhere, to use, reuse, quote and requote Hollywood material supplied by press agents, almost at will. This is due to the fact that there is virtually nothing new to be said about these personalities after thousands of interviews, many of which are made up out of whole cloth by press agents. Petitioner introduced numerous exhibits showing that the articles concerning these persons are nothing but rewrites or even direct quotations of material in the public domain.

There appears to be a conflict among the circuits concerning the requirement of originality. The Seventh Circuit seems to have held consistently that that originality means little more than a prohibition of actual word for word copying. *Gelles-Widmer Co.* v. *Milton Bradley Co.*, 313 F.2d 143 (7th Cir. 1963); *Wihtol* v. *Wells*, 231 F.2d 550 (7th Cir. 1956); and the instant case. It is clear, however, that one may avoid copying, but have produced nothing original. In order for one to create something original, he must add something to what has gone before, in one manner or another. The mere clipping of material from the public domain and pasting it together, requires neither imagination, talent nor skill, but only a facility with a scissors and glue. To give copyright protection to such activity is to make a mockery of the intention to promote the progress of useful arts.

The correct rule is well-stated in *Chamberlin* v. *Uris Sales Corp.*, 150 F. 2d 512, 513 (2d Cir. 1945):

> "Plaintiff therefore must lose unless he has shown that his work contains *some substantial, not merely trivial, originality,* and that the defendant sold copies embodying the original aspects of his work." (Emphasis supplied)

Originality requires some element of creativity. *McIntyre* v. *Double-A-Music Corp.*, 179 F.Supp 161 (S.D. Cal. 1959).

The mere assembling of an aggregation of old materials without adding anything new or novel is not originality. *Jackson* v. *Quickslip Co.*, 27 F.Supp. 338 (E.D.N.Y. 1939). This Court has recently indicated that the Constitution, by its purpose to advance science and the useful arts, requires that something tending toward this purpose must be present to bring one under the protective blanket:

> "Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of useful Arts.' This is the *standard* expressed in the Constitution and it may not be ignored." *Graham* v. *John Deere Co.*, 383 U.S. 1, 6 (1966) (Emphasis by the Court)

This provision also applies to "science" as mentioned in the Constitution, and there is no reason why it should be read to apply differently to copyrights than it does to patents. There is a specific purpose behind this provision, and to allow protection to one who has done nothing to promote progress in his field of endeavor is to ignore the very words of the Constitution.

There is one further issue which should be considered by this Court. At the time of trial, respondent suddenly dismissed three counts of its amended complaint and all charges as to infringement of pictures and during the trial offered no evidence whatsoever to support its claim of unfair competition. Petitioner immediately demanded costs and fees. Petitioner contends that as a result of this late dismissal, after forcing petitioner to go to the trouble and expense of defending against these charges, it is the prevailing party thereon.

Under 17 U.S. C. §116, full costs are mandatory in favor of the prevailing party in all *actions*, suits or proceedings.

The district court held that the "prevailing party" is the one who prevails as to the substantial part of the litigation. The Court of Appeals did not pass upon this issue, but "defer[ed] to the trial court in this respect."

The action of the courts below ignores the plain wording of the statute, which plainly refers to actions, suits or proceedings. Each count in a complaint is a separate action, to be differentiated from a suit which may contain many causes of action, as here. The district court's reading of the statute makes a nullity of the word "actions" and goes against the clearly expressed intention of the drafters thereof. There is no question that the defendant is the prevailing party where the plaintiff dismisses his suit prior to trial. *Corcoran* v. *Columbia Broadcasting System, Inc.*, 121 F.2d 575, 576 (9th Cir. 1941); *Uniflow Mfg. Co.* v. *Superflow Mfg. Corp.*, 10 F.R.D. 589 (N.D. Ohio 1950); *Amsterdam* v. *Triangle Publications, Inc.*, 189 F. 2d 104, 107 (3d Cir. 1951); and *H.M. Kolbe Co.*, v. *Armgus Textile Co.*, 315 F.2d 70, 75 (2d Cir. 1963).

Each count charging the infringement of a specific article is a separate action, requiring separate proof by plaintiff and a separate defense by defendant. The mandatory cost provision in the Copyright Act is clearly an extension of the philosophy of that Act to protect fully those who have a right to protection under that Act. Those whose copyrights have been infringed should not be penalized for enforcing their rights, and should recover the costs of vindicating their rights. On the other hand, defendants who are found not to have infringed any alleged copyright are not to be penalized for being forced to defend an unfounded suit. The Copyright Act is designed to enhance freedom of publication and expression and to penalize those who abuse that freedom by impinging on another's rights and

those who attempt to restrain that freedom by bringing unfounded infringement claims.

Looked at in this light, it is apparent that each copyright action must be considered individually, whether combined with other actions or standing alone. It is only in this manner that the policy behind the Copyright Act and the First Amendment may be maintained. Were the rule otherwise, plaintiffs would be free to allege all sorts of frivolous claims along with more colorable ones, and freely harass their competitors, as in the instant case.

The fact that the damages assessed in this case are not large (the costs are larger) does not affect the basic policy and constitutional considerations. The assessment in a similar situation might be prohibitive. The principle is a basic one, worthy of the attention of this court in a field in which there is insufficient guidance.

CONCLUSION

The Petition for the Writ of Certiorari should be granted and the judgments below reversed.

Respectfully submitted,

ELMER GERTZ,
Attorney for Petitioner.

APPENDIX

Before KNOCH, FAIRCHILD AND CUMMINGS, *Circuit Judges.*

CUMMINGS, *Circuit Judge.* In this case, the publisher of the New York weekly tabloid newspaper, The National Enquirer (the "Enquirer"), charged that a competing Chicago weekly, The National Insider (the "Insider"), with a much smaller circulation, infringed the copyrights on six articles previously published in the Enquirer. The District Court found for the Enquirer and denied the Insider any relief on its counterclaim which charged that the Enquirer infringed the copyrights on six articles appearing in the Insider. The Enquirer was awarded injunctive relief, $250 minimum statutory damages for each of the six articles, and costs.

Of the six articles covered by the amended complaint,[1] four dealt with Hollywood personalities, *viz.*, Groucho Marx, James Mason, George Raft, and John Wayne. The fifth article reported a visit of Corporal Melvin Mayfield, a holder of the Congressional Medal of Honor, to President Truman, opposing the building of a dam in Ohio. The sixth article concerned marriages performed at a Miami gas station. The Insider's six articles were virtually identical to the Enquirer's.

The principal dispute between the parties was whether the Enquirer had purchased all publication rights or only first publication rights to the six articles covered by the amended complaint. The contracts between the Enquirer and the authors were silent on this point. However, the Enquirer offered the testimony of two "experts" that the prevailing practice in the trade is that when a free-lance author sells an article, he sells all rights thereto

[1] At the time of trial, the Enquirer was permitted to drop its allegations concerning three other articles purportedly infringed by the Insider.

unless he indicates other restrictions. The Enquirer's editor and managing editor testified to the same effect in their depositions. The Enquirer also cited two articles to the same effect.[2] The Insider did not introduce contrary expert testimony. The District Court observed that the evidence presented by the litigants was in complete conflict, but found that the Enquirer had purchased full rights to these six articles.

Where, as here, the only testimony was before the court by deposition, the findings of a trial court are not as binding under Rule 52(a) of the Federal Rules of Civil Procedure as where the court has had the opportunity to observe the demeanor of the witnesses. *Kiwi Coders Corporation* v. *Acro Tool & Die Works,* 250 F.2d 562, 568 (7th Cir. 1957); cf. *Lundgren* v. *Freeman,* 307 F.2d 104, 113-115 (9th Cir. 1962). However, our examination of the evidence satisfies us that the District Court's finding of the Enquirer's all publication rights purchases was justified and should not be overturned.

The Insider next argues that the four Hollywood articles are not susceptible to copyright, on the ground that they do not contain original material. But it is well settled that copyrighted matter need not be strikingly unique or novel. A distinguishable variation suffices. *Wihtol* v. *Wells,* 231 F.2d 550, 553 (7th Cir. 1956). Because of the Enquirer's different adaptation and arrangement of words in these articles, there was enough originality to bring the articles within the protection of the copyright law even though they were derived from other sources. Originality, in the context of the copyright laws, " 'means little more than a prohibition

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[2]Wasserstrom "Magazine and Newspaper Syndication Problems" *(Copyright Problems Analyzed* (CCH 1953)) p. 159; Henn, '"Magazine Rights'—A Division of Indivisible Copyright," 40 Cornell Law Quarterly 411, 438 (1955), reproduced in *Copyright and Related Topics* (UCLA School of Law (1964)), p. 201.

of actual copying'." *Alfred Bell & Co.* v. *Catalda Fine Arts*, 191 F.2d 99, 103 (2d Cir. 1951). These articles were not slavish copies of source materials; they were sufficiently transformed to meet the copyright test of originality. Nimmer on Copyright, §10.1.

The District Court held that the defendant's counterclaim was without merit. A comparison of the Insider's six articles and the Enquirer's six articles specified in the counterclaim shows that the Enquirer did not copy the Insider's articles, even though there are some resemblances. Moreover, except possibly in one instance, the Enquirer was working on the stories before the Insider's articles appeared. In our view, the Insider did not discharge its burden of establishing infringement.

The District Court awarded costs to the Enquirer. Under 17 U.S.C. §116, full costs are mandatory in favor of the prevailing party. *Official Aviation Guide Co.* v. *American Aviation Associates*, 162 F.2d 541, 543 (7th Cir. 1947). Here the Insider urges that costs should be apportioned, claiming that it was the prevailing party as to the charges dropped by the Enquirer (see note 1 *supra*). The District Court concluded that "the prevailing party" is the one who prevails as to the substantial part of the litigation, here the Enquirer.[3] We will defer to the trial court in this respect. Cf. *Armour Research Foundation* v. *C. K. Williams & Co.*, 280 F.2d 499, 508 (7th Cir. 1960), *certiorari denied*, 365 U.S. 811.

The judgment is affirmed.

---

[3]This ruling accords with the construction of the identical phrase in Rule 54 (d) of the Federal Rules of Civil Procedure, *Hines* v. *Perez*, 242 F.2d 459, 466 (9th Cir. 1957); 6 Moore's Federal Practice (2d ed. 1966) ¶54.70 [4]. See also *Official Aviation Guide Co.* v. *American Aviation Associates, supra;* Nimmer on Copyright, p. 703.

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No. 1047

In the

Supreme Court of the United States

OCTOBER TERM, 1967

THE NATIONAL INSIDER, INC.,
Petitioner,

vs.

BEST MEDIUM PUBLISHING CO., INC.,
Respondent.

SUPPLEMENTAL APPENDIX TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

ELMER GERTZ
120 South LaSalle Street
Chicago, Illinois 60603
Attorney for Petitioner

The Scheffer Press, Inc.—ANdover 3-6850

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APPENDIX B

Decision of the Trial Court (259 F. Supp. 433)

Plaintiff, the Best Medium Publishing Co., Inc., is the publisher of a weekly newspaper, The National Enquirer. It sued the defendant, the National Insider, Inc., which is also the publisher of a weekly newspaper, The National Insider, for infringement of six articles which had first appeared in plaintiff's publication and on which plaintiff had copyrights.

Defendant counterclaims as to six causes of action based on articles allegedly infringed by plaintiff's later publication of articles which defendant had first published and copyrighted.

The amended complaint originally asserted nine infringing articles by defendant. As to three of these, plaintiff withdrew its charges. Defendant argues it is entitled to the costs of preparing the case against these three articles, as well as to photographs no longer charged to be infringed, and for damages and attorneys' fees. Plaintiff also seeks damages, attorneys' fees and costs. Both parties pray for an injunction against future infringements.

Plaintiff's defense to the counterclaim is that it purchased the articles from the authors in good faith, without knowledge of any prior publication thereof, and upon the representation and warranty of the writer or his agent that the writer had the right to sell the articles to the plaintiff. Further, plaintiff pleads that neither its articles nor any parts thereof were copies from the defendant's articles, and plaintiff's articles are materially different from defendant's and its quotations were authorized. Plaintiff denies that defendant's articles were copyrighted by it, in that defendant submitted no proof of registration of copyright in regard to the articles covered by the counterclaims. Plaintiff began work on its articles before defendant's publication. As to the second cause of action alleged in the counterclaims, plaintiff's publication preceded defendant's. Finally, it contends that there is no similarity between plaintiff's articles and those asserted by defendant in its counterclaim.

The crux of the controversy seems to be the extent of the title which plaintiff acquired when it purchased articles from free lance writers for a few hundred dollars, and published the articles in its tabloid. Plaintiff insists that it purchased full title. Defendant maintains that under the custom and usages of the trade, plaintiff got only the right to *first* printing, and after that publication plaintiff's rights were exhausted and the author was free to sell the article to others for republication.

The court concludes that where no conditions are stated at the time of the sale of an article, the law implies that there is a complete sale of the article and the publisher has full rights thereto.

It would seem to be the law as established by the treatises that where an author sells an article to a periodical without specification of the rights he is conveying that he transfers his entire right to the publisher who has the right to copyright thereon.

Thus, it is said in the law review article, "'Magazine Rights'—A Division of Indivisible Copyright," 40 Cornell Law Quarterly, p. 411, at 438:

> "In the absence of evidence to the contrary, the transfer by an author to a magazine publisher of a manuscript without restriction is deemed to carry with it all right, title, and interest, including all rights of copyright, therein."

The footnote (112) states that "The more modern authorities recognize that an author placing a work with a magazine publisher for publication without further explanation, presumptively intends that the publisher should secure copyright therein in its own name. . . . No intention to transfer the proprietorship was presumed in the

older cases." In the article, "Magazines, Newspaper and Syndication Problems," by Alfred H. Wasserstrom, found in 1953 Copyright Problems Analyzed (CCH), at 164, it is said:

> "If a publisher buys the author's work for a certain sum and nothing more is said on the matter by the parties, or if no rights are expressly or by necessary implication reserved to the author, then the transaction will be considered an outright sale with right to copyright passing to the publisher."

In 18 Am. Jur. 2d § 33 *Copyright and Literary Property,* it is said:

> "• • • [A]s a general rule when an author sells a story outright to a publisher without any reservation, the publisher becomes the absolute owner thereof with full rights to copyright it and secure all the benefits of copyright accorded by the statute."
>
> • • •
>
> "• • • When an author delivers a manuscript to a publisher and does not himself take out a copyright, there is no need of a formal assignment by him, mere delivery of the manuscript is sufficient."

In *Lin-Brook Builders Hardware* v. *Gertler,* 352 F. 2d 298 (9th Cir. 1965), it is said, at 300:

> "• • • [W]e believe that when one person engages another, whether as employee or as an independent contractor, to produce a work of artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done."

It is apparent that defendant's alleged infringements of plaintiff's articles occurred after the lapse of quite

a period of time, whereas but a few weeks' interval passed between plaintiff's publication of the items alleged to infringe in defendant's counterclaims.

Plaintiff's publication has a circulation of over a million; defendant's, some 20,000 to 30,000.

The six articles which plaintiff presently charges to have been infringed are:

1. "How a Man and A Medal . . . Gave H.S.T. A Big Problem" published in the Enquirer under date of December 28, 1958, and in the Insider on April 7, 1963.
2. "It Pays To Be Stingy Says Groucho Marx" published in the Enquirer under date of August 12, 1962, and in the Insider on April 7, 1963.
3. "Name-Calling Can't Bother Me, Says James Mason . . . I'm Used to Being Hated" published in the Enquirer under date of April 23, 1961, and in the Insider under date of February 1, 1963.
4. "I'm a Loser . . . Says George Raft" published under date of October 29, 1961, in the Enquirer, and in the Insider on November 10, 1963.
5. "Couples In Miami Get Gassed Up & Married" published in the Enquirer under date of August 5, 1962, and in the Insider January 19, 1964.
6. "John Wayne Says: He-Men Are Dying Out" published in the Enquirer under date of November 12, 1961, and in the Insider February 2, 1964.

The six articles charged by the counterclaims to have been infringed by plaintiff are:

1. "Diesel Engine 'Swiped' By An Armless Boy!" published by the Insider under date of November 17, 1963, and in the Enquirer December 8, 1963. (Plaintiff states the article appeared in its Sports Edition November 24, 1963.)

2. "Boy Hikes 50 Miles On One Leg" published in the Insider November 17, 1963, and in the Enquirer November 24, 1963. (Plaintiff alleges it first published the article November 10, 1963, in its Sports Edition.)
3. "Missed Her Man So Much She Broke Into Prison To Free Him" published in the Insider January 19, 1964, and in the Enquirer March 15, 1964.
4. "Her Family Lived Just A Jiggle Away From Death" published in the Insider February 2, 1964, and in the Enquirer March 22, 1964.
5. "Child Stands On The Brink Of A Disaster" published in the Insider under date of March 15, 1964, and in the Enquirer on April 26, 1964.
6. "Convicts Endanger Health to Help A Girl Walk" published in the Insider under date of April 5, 1964, and in the Enquirer April 19, 1964.

Plaintiff maintains that ignorance of infringement is no defense (*De Acosta* v. *Brown*, 146 F. 2d 408 (1944).) Furthermore, some of the exhibits in the case were published by defendant *after* the service of summons herein, and that an editor of defendant admitted that prior to publication in the Insider he had seen a clipping pertaining to the story in the Enquirer, all of which is indicative of willful infringement.

The evidence presented by the litigants is in complete conflict—defendant's adamantly supporting its contention that only "first rights" were sold plaintiff, and plaintiff's evidence substantiating its position that it purchased complete rights, otherwise it would refuse to purchase.

Defendant's evidence supports its position that free lance authors could not afford to research and write articles for the paltry sums paid, unless they were permitted to sell for republication in other tabloids. It points

out that in publications of the nature here involved that readers' memories are short and republication is not detrimental to the rights of the holder of first publication rights.

Plaintiff's evidence would support the conclusion that it researched both in its own "morgue" and through other sources to ascertain whether the article submitted had been theretofore published elsewhere, before it would accept the article and publish it.

While the court is no expert judge of the monetary value of the articles appearing in the respective tabloids and hesitates to deprecate their literary merit, it would seem that great literary skill and impeccable accuracy are not the aims of the parties, but rather sheer readability, eye-catching technique and a matter of attractiveness of style are desired, rather than perseverance for high literary quality demanding long rewriting and researching to achieve perfection. Therefore the author's cost should not be as tremendous as defendant indicates.

There can be no doubt that defendant's evidence supports its contention that there is an established custom and usage that free lance authors selling to a tabloid sell only first rights. Its editor, Mr. Robert Borzello, emphatically stated that

> "Opinion as far as custom and usage regarding the purchase of rights is unanimous, so there is no ambiguity the publisher must specifically state what rights he is purchasing. If he does not state what rights he is purchasing and the writer does not state what rights he is selling, then he is purchasing first North American rights only, in the opinion of some. And in the opinion of others he is purchasing one-time usage only. . . .

> "Not once did anyone familiar with the custom and usage in the trade ever state to me that it was to the publisher's advantage or to the writer's advantage to leave the question open to dispute and not stipulating the rights. And only rarely did the editor or publisher contend that if the writer did not specify what he was selling, that the editor could assume that he was purchasing additional or all rights."

He further testified that he was told by author Diehl that "he never sold all rights to his material whether to The National Enquirer or to anyone else." Further, "He said they never asked him for all rights and he said that he told them that he was selling them only one-time usage." He stated he was told by author Isaac Jones that he "never sold the Enquirer all rights. He sold first publication rights only." Borzello further stated that

> "It is also understood in the trade that BIPS, like nearly all agencies and free-lancers, unless otherwise expressly agreed, sells one-time use only, unless stated exclusively, they don't even sell firsts or exclusive use."
>
> • • •
>
> "A newspaper or magazine is primarily interested in first publication, not necessarily exclusive publication, in an article. Unlike book publishing, once a story is published in a newspaper or a magazine it is generally considered dead within a few days or weeks. . . . The only reason to retain all rights is to resell their material to other publications after using it and therefore earn extra money."

Frank Kulla, who had formerly worked for plaintiff in an editorial capacity disclosed to Borzello that there "was no established Enquirer policy regarding purchase rights. Whatever the editor who purchased the article

wanted, that was what he secured. . . . He has personal knowledge that in dozens of instances he saw material purchased by the various authors on which was stamped or typed, 'First North American Rights Only.' This did not deter them from purchasing such material."

Further, there was evidence that Churchill Semple, a free lance writer formerly with Enquirer, had an understanding with Enquirer's Chet Whitehorn that he was "only selling first North American rights to the Enquirer. . . . He arrived at his understanding with the Enquirer through his conversations on the subject with Chet Whitehorn. He would further testify that he is familiar with custom and usage in the tabloid industry and to his knowledge when nothing is said with respect to what is sold or acquired it is only one-time usage."

For what weight it merits, it might be stated that both Semple and Whitehorn were asked to leave plaintiff's employ.

On the other hand, Mr. Edward Mutch testified by deposition that he is managing editor of plaintiff's newspaper, and that when he talked to Semple he told him that "any story he would write for the Enquirer would belong to the Enquirer, and he must not sell any story to any other publication, and I told this to every writer and it was a firm agreement, all writers will confirm this."

Mr. James Allen, who had formerly been employed by National Enquirer for some five years, stated that when, as managing editor, he purchased stories he "followed the general policy of purchasing all rights to stories, except in specific cases involving special syndicated material which was offered to us for exclusive use in the

United States and Canada. . . . [I]n the event that any author indicated that he wished to reserve any rights to his material, we wouldn't bother pursuing the subject further. As to the Mayfield-Truman article . . . I don't recall any notation on the manuscript of this particular story whereby the author reserved any rights whatsoever. Normally if an author wishes to do so it is common practice in the industry for him to make such a notation. If Mr. Diehl had so indicated that he wished to reserve certain rights I would not have negotiated with him to buy the story."

The deposition of Denis Brian, an employee of plaintiff for three years, revealed in response to the question, "Did you have any discussion as to the period of time in which the National Enquirer might be said to have exclusive rights?" that he "understood they would have exclusive rights in North America indefinitely."

When asked whether he ever made a separate copyright of the article he wrote for the National Enquirer, Brian answered that it was his understanding that the Enquirer had the copyright for the whole of North America. He also stated he knew of no article of his that had appeared in any tabloid newspaper other than the National Enquirer in the United States.

The deposition of Carl E. Grothmann, editor of the plaintiff's tabloid and its "chief editorial employee" testified as to its method of operation, the procuring of copyrights, the publication of its newspaper, and its source of materials. He stated that in the purchase of articles the agreement was verbal in most instances, although sometimes there were formal contracts of purchase. He

gave his understanding of some phases of copyright law, that "[l]imited segments of an article can be reproduced by any other newspaper under the term 'fair usage.'" He further understood that an author of an article could permit another publication of it only if "he has sold only first rights to a publication." He said he was not aware that in publications in the tabloid field that first publication rights only were sold. Further, that if nothing were stated on the check as to the rights sold, it would depend on the agreement with the author—a verbal agreement—which could differ from author to author. He did not know that some of his writers were reselling their articles for later publication. In answer to the question whether he recalled ever telling any of his writers that they could not sell their articles for later publication, that "[s]ome of them have been told that if they sell material accepted by us elsewhere, we will no longer do business."

Plaintiff submitted that Mr. Stanley Rothenberg, an expert in the field of copyrights—a fact not conceded by defendant—had reviewed the exhibits in this case and would testify that in his opinion there had been copying by defendant of plaintiff's exhibits. It was further indicated by plaintiff that in answer to the question "What rights are retained by the author, and what rights are retained by the periodical?" where an author submits an article to a periodical and a check issued without legend, he would answer, "All rights are retained by the periodical. No rights are retained by the author." This answer was based upon his experience in representing writers, authors, motion picture producers and purchasers of rights from authors.

Mr. Theo C. Bernsen's deposition was taken. He stated he is managing editor of Bernsen's International Press Service, Limited (BIPS), an English concern which works free lance and sells photo-feature stories in a number of countries, where the articles are sold for one-time publication, or single publication. He stated he would not sell all rights because that would incorporate world rights, and he has never sold all North American rights to a story. He stated he had never sold to the National Enquirer more than a one-time use. He said plaintiff had never asked for the purchase or sale of a copyright, which is actually against normal practice; that the custom and usage is to sell only a single use. He stated further:

> "* * * [N]o publisher would ever do any such thing unless in very special circumstances, but that has nothing to do with free-lance produced material. It may have to do with assignments given by a publisher to a particular free-lancer somewhere or other. He may then require and expect for that matter, world copyright, if the price is right.
>
> "Q. Do I understand correctly that the only time there would be a license for more than one-time use would be if there were special negotiations for that purpose?
>
> "A. Yes."

The English invoices all had the printed language on them—"To Single Reproduction Rights."

Mr. Bernsen stated that no free-lance organization or free-lancer could ever live on the proceeds of a one-time sale to one particular magazine or client, and that the articles had to be sold a number of times in order to meet their overhead. He testified that "it is common practice to establish the respective rights of the parties

verbally . . . and when you don't say anything, I mean you don't refer to very specific rights or very specific things, that it goes on the terms of single publication rights of a story." He also said that it meant nothing when the check sent in payment had on it "all rights" because it was totally irrelevant, because "when we sell everybody knows you sell for one time publication rights." As to free lance authors he stated that when "a specific story [is] done, and they wanted to have all rights . . . [w]ell, then of course when the price is right you have authors who sell that article with all rights, but I don't think that I have met any author of any consequence who would sell an outright story for $100 or $200, or whatever. That is immediately a question of $1,000, $2,000, $3,000, $5,000."

In appraising the evidence, the court did not have the advantage of weighing the credibility of much of the testimony inasmuch as it was presented in deposition form. There was the further element of ill-feeling between some of the witnesses and deponents which might detract from the value to be accorded their statements, or at least colored their approach.

The respective statures, circulation wise, of plaintiff and defendant; the long interval between the appearance of the similar articles in defendant's tabloid and plaintiff's newspaper, contrasted with the brief interval between the allegedly similar articles later appearing in plaintiff's paper after publication in defendant's newspaper; the not insubstantial amount paid the free lance writers for plaintiff; the established principle of law that where no terms are agreed upon on the sale of an article the law presumes no reservation of right in the

author; the positive testimony of plaintiff's editor that the article would generally not be purchased absent a sale of complete rights by the author, all lead the court to conclude that plaintiff should prevail on its amended complaint.

It is further the court's conclusion that there is not sufficient evidence of infringement by plaintiff of defendant's articles asserted in its counterclaims; in fact, the evidence would indicate the contrary, and the counterclaims are therefore held without merit.

The issue of damages is a difficult one to resolve inasmuch as there is no evidence of the extent thereof. The parties cite the statute, 17 U.S.C. § 101(b), providing a maximum of $5,000 and a minimum of $250 damages for infringement of copyright, and seek the maximum. The Supreme Court in *F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, 344 U.S. 228 (1962), discussed the purpose of the statutory maximum and minimum and the virtue of the statutory scheme of having the court exercise its discretion in setting the recoverable amount in this difficult field. It was said, at 233:

> "* * * Even for uninjurious and unprofitable invasions of copyright the court may, if it deems it just, impose a liability within statutory limits to sanction and vindicate the statutory policy."

The court quoted from an earlier case, at 232, saying:

> "'In other words, the court's conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid, but with the express qualification that in every case the assessment must be within

the prescribed limitations, that is to say, neither more than the maximum nor less than the minimum. Within these limitations the court's discretion and sense of justice are controlling. . . ."

The court concludes that plaintiff's damages for infringements of its copyright are not really substantial. Plaintiff has reaped the benefit of its publications. That profit was not diminished by the much later publications of similar articles by defendant. Plaintiff, of course, has the right to have the integrity of its copyrights upheld, and an injunction should assure it of the protection of its rights in the future. The court is of the opinion that the minimum statutory provision for damages should be here applicable.

Both plaintiff and defendant have sought recovery of attorneys' fees. The court is of the opinion that this is not a case where such a recovery should be allowed on either side. As the late Justice Sherman Minton pointed out in a decision while on the Seventh Circuit Court of Appeals in the case of *Official Aviation Guide Co.* v. *American Aviation Associates,* 162 F. 2d 541, 543 (1947), "The . . . statute . . . is wholly discretionary as to extraordinary costs of attorneys' fees." It could be added that the instant case was, like that cause, "hard fought and prosecuted in good faith." Also, the court in this case believes that, as in that case, "The defendants' counterclaim was merely an instrumentality of defense and was asserted only to ward off the assault of the plaintiff. It was an alternative defense. . . ."

Both counsel have shown extreme industry and resourcefulness. The court believes, however, that each party should bear its own attorneys' fees.

The recovery of costs being mandatory in favor of the prevailing party, the plaintiff will recover its costs. An injunction against future infringement of plaintiff's copyrights by defendant will issue. Plaintiff will submit an appropriate final decree within ten days. This decision will stand as the court's findings of fact and conclusions of law.

/s/ Edwin Robson
Judge

October 28, 1966

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FRANK J. McGARR
DANIEL A. BECCO
33 North Dearborn Street
Chicago, Illinois
Attorneys for Respondent

UNITED STATES LAW PRINTING CO., CHICAGO, ILL. 60618 LAkeview 5-6581

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967

No.

THE NATIONAL INSIDER, INC.,

Petitioner,

VS.

BEST MEDIUM PUBLISHING CO., INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

I.

STATEMENT OF THE CASE.

This case involves a simple and straightforward copyright infringement claim brought by plaintiff-respondent BEST MEDIUM PUBLISHING CO., INC. against defendant-petitioner THE NATIONAL INSIDER, INC. Six separate articles which appeared in plaintiff's newspaper,

The Daily Enquirer, were copied, in most instances verbatim, by petitioner and reprinted by it. At no time during the entire proceedings has defendant ever denied this fact and the Seventh Circuit Court of Appeals also noted the point, stating, "The Insider's six articles were virtually identical to The Enquirer's." (See Appendix to the Petition, p. 1a)

Defendant attempted to rest its defense on two basic propositions; that several of plaintiff's articles were not copyrightable, and that plaintiff did not purchase the right to copyright the articles from the authors and consequently did not have the right to copyright the articles. Both the trial court and the Court of Appeals rejected both these defenses.

Petitioner has failed to comply with subsection E of Supreme Court Rule 40, which requires record references in the statement of the case. Whether this failure was due to the multitude of unsupportable misstatements appearing in petitioner's statement or to mere inadvertence, the fact remains that petitioner has stated and restated these misstatements, both in the trial court and the Court of Appeals. At each stage plaintiff has pointed them out with documentation in the record. We are forced to do so again, though it is our position that even if petitioner's statement of the case were accurate, nothing contained in the petition presents a question of such magnitude to support the granting of certiorari herein.

Correction of Misstatements

1. Petition, pp. 5, 6. Petitioner states that every author stated that he had sold to respondent no more than the right to print and publish their story once, retaining all

other rights themselves. This statement is untrue. Mike Gray (Supplemental Appendix p. 13), Jim Gibbons (Supplemental Appendix p. 20) and Dennis Brian (Appendix 103) all testified to the contrary.

2. Petition p. 6. Petitioner states it did not know and had no reasonable means of knowing that the articles had appeared in respondent's publication previously. Three of the six articles (Exhibits 10, 14 and 16) were printed by The Insider after service of summons and a copy of the original complaint. As to the article which was admitted as Exhibit 2a and 2b, the editor of The Insider admitted reading the article in The Enquirer before printing the identical article in The Insider. (Appendix p. 53, 69.)

3. Petition pp. 6, 11 and 16. Petitioner seeks to gain some benefit, as it has throughout the entire proceedings, from implying some sinister or evidence-destroying motion into the fact that The Enquirer destroyed the original manuscripts. This argument ignores the uncontradicted testimony of plaintiff's editor that all manuscripts were routinely destroyed after six months and a microfilm copy retained. (Appendix 115.)

4. Petition pp. 6 and 12. Petitioner seeks here as it did in the Court of Appeals to benefit from the observation of the trial court that petitioner's evidence supported its position on the issue of custom. May we respectfully refer this court to the entire context from which the statement quoted was taken. It shows conclusively what the trial court held was that while defendant's evidence supported its position, plaintiff's evidence supported plain-

tiff's position, and plaintiff's evidence was both more impressive and less biased, and therefore entitled to greater weight.

5. Petition p. 7. Petitioner has sought throughout to place the burden on plaintiff to prove the custom of the industry. This position ignores the fact that defendant raised as an *affirmative defense* the argument that plaintiff purchased only the right to first publication and, further, that the custom of the industry was to permit subsequent publication. (See Appendix p. 11.)

6. Petition pp. 6, 15. Petitioner seeks to imply that plaintiff paid only $25-$100 for the articles in question. The truth is they paid $400 for one (Pltf. Ex. C, Supp. App. 1) $300 for another (Pltf. Ex. C, Supp. App. 23), $285 for a third (Pltf. Ex. M, Supp. App. 24), and $150 for two more (Pltf. Ex. F and H, Supp. App. 14 and 17).

II.

THERE IS NO REASON FOR CERTIORARI

A. Preliminary Statement

This case turns on established principles of copyright law and common law contract construction. There is no previously undecided issue of federal law. In fact, there is no real issue of federal law at all, but rather a dispute over conflicting evidence. There is no conflict among the circuits or with the decisions of this court. The trial court opinion is limited in its application to the evidence in the record in this case and can have no significant general impact upon the public. Lastly, the result is eminently proper as well as fair and reasonable.

B. Argument

Even if petitioner's statement of the case were accurate, there is no reason to grant certiorari.

Supreme Court Rule 19 sets forth the character of reasons to be considered by this Honorable Court in ruling on a certiorari petition. Nothing presented in the petition herein even approaches in magnitude or importance the reasons set forth in that rule. The basic underlying argument on which petitioner relies to reverse this judgment is that the trial court misconstrued the evidence. The majority of the petition is directed to this proposition. Pages 10 through 13 of the Petition are devoted to this entirely evidentiary question. The nature of the issue is made clear by petitioner's initial statement on page 10 of the Petition that since the entire case was submitted on depositions, offers of proof, answers to interrogatories, and exhibits, the findings of the trial court on the evidence "are not binding" upon the reviewing court. Apart from the fact that this is neither the proper statement of the rule (see *e.g., U.S.* v. *U.S. Gypsum,* 333 US 364 [1948]), nor what the Court of Appeals below held, it additionally shows that what petitioner seeks here is a review of the evidence. A claim of erroneous determination on the weight of the evidence is clearly insufficient to support a petition for certiorari. It is well settled that even where there is an absolute right to appeal, the Supreme Court will not undertake to review concurrent findings of fact by a trial court and a court of appeals in the absence of very obvious and exceptional showing of error. This rule, known as the "two-cour " rule, has been continuously applied in a wide variety of cases including patent (*Universal Oil Products Co.* v. *Globe Oil & Refining Co.,* 322 US 471); securities

(*J. I. Case Company* v. *Borak,* 377 US 426), admiralty (*Kellogg & Sons* v. *Hicks,* 285 US 502, *Just* v. *Chambers,* 312 US 383), labor (*Virginian Ry. Co.* v. *System Ped. N.I.,* 300 US 515) and others. Even in criminal matters, the Supreme Court noted that only in rare instances will it review the general sufficiency of the evidence. (*Scales* v. *U.S.,* 367 US 203). A granting of the Certiorari Petition herein would directly conflict with this well-established principle. The Court of Appeals here specifically held that the District Court's finding of the Enquirer's "all publication rights purchase" was justified and should not be overturned. (See Petition Appendix, p. 2[a]).

Pages 14 thru 17 of the petition parade horrible consequences that petitioner feels will result from this decision. In addition to the fact that they do not follow from the decision, they are irrelevant to the issues here presented.

Pages 18 thru 20 of the petition discuss petitioner's other main argument. It argues, as it has throughout the proceeding, that the articles dealing with Hollywood personalities were not copyrightable. In an attempt to bring the argument within one of the categories of reasons for granting certiorari, it argues that there appears to be a conflict among the circuits concerning the requirement of originality. In *Chamberlin* v. *Uris Sales Corp.,* 150 F.2d 512 (2nd Cir. 1945), cited by petitioner on page 19 of its petition, the court held that the originality requirement for copyright refers to the form of expression and not to the novelty. What was there involved was a dispute over whether defendant's rules for a card game infringed on plaintiff's copyrighted rules for the same card game. The court there noted that while similarities were present, defendant's rules were sufficiently original to avoid in-

fringement. Nothing in that case is inconsistent with the well settled rules in the field of copyright law, nor with the holding of the 7th Circuit Court of Appeals in our case.

McIntyre v. *Double-A-Music Corp.*, 179 F.Supp. 161 (S.D. Cal. 1959) and *Jackson* v. *Quickslip Co.*, 27 F.Supp. 338 (E.D.N.Y. 1939), cited at pages 19 and 20 of the petition, are similarly distinguishable from the facts of the case at bar.

While it is clear that many of the quotations attributable to the subject involved in those articles were not original, each article showed an original organization and presentation in selection of the material to meet the requirements and needs of plaintiff's publication. The evidence concerning the very thorough checkout conducted by plaintiff's employees, the manner in which the ideas for feature stories originated, how they were assembled, assigned, subsequently rewritten in certain instances, and eventually editored by the desk man for final publication all support plaintiff's position that the stories were copyrightable. These procedures were designed to insure the original and individual style and flavor of the articles.

Petitioner's citation of *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966) is equally inappropriate, for it is a patent case. This court is well aware of the distinction between the law of patent and the law of copyright and the results which follow therefrom. Petitioner's argument on pages 17-18 of its petition does not detract from the well settled principles of copyright law which have been established over a period of 50 years. The trial court below and the Court of Appeals both applied these principles properly and no new principles were enunciated. Therefore nothing contained in the petition on this argument warrants the granting of certiorari.

Petitioner's third argument is based on the definition of "prevailing" party. It is based in 17 U.S.C. §116. It argues that even though it lost on six of nine of plaintiff's claims, and all six of defendant's counterclaims, it is still the prevailing party as to the three claims plaintiff voluntarily dismissed and should recover costs as to them. No case cited by petitioner in the petition nor found by respondent has ever so held. In fact the well settled rule is to the contrary. (See, inter alia, *Ryan* v. *Arabian American Oil Co.,* 18 F.R.D. 206 (S.D.N.Y. 1955) at 207, *S. A. Hirsch Mfg. Co.* v. *Childs,* 157 F. Supp. 183 (D.C. Penn. 1957), *Hines* v. *Perez,* 242 F.2d 459 (C.A. 9th, 1957), 6 Moore's Fed. Practice (2nd Ed. 1966), Par. 54.70[4], 3 Barron & Holtzoff (Rev. Ed. 1960) §1996, (p. 51)). All these authorities stand for the proposition that where plaintiff has prevailed on the majority of its claims, it is the prevailing party for purposes of the rule imposing costs against the party that did not prevail.

None of the cases cited by petitioner concern multiple copyright claims. In all but one, plaintiff won nothing, and defendant was correctly considered to be the prevailing party. In *Uniflow Mfg. Co.* v. *Superflow Mfg. Co.,* 10 F.R.D. 589 (N.D. Ohio 1950), plaintiff filed a complaint alleging both a copyright infringement and a patent infringement. Plaintiff voluntarily dismissed its copyright infringement case and the trial court, before trial on the patent case, granted the costs to defendant arising from the copyright case. Thus at the time of the entry of order, defendant was the prevailing party. Moreover, only one alleged copyright infringement was involved. Nothing in §116 of U.S.C.A. 17 supports the conclusion that where plaintiff prevails on six of its nine copyright infringement claims, it is not the prevailing party for purposes of im-

position of costs. A rule such as petitioner seeks would result in the most time consuming calculations if the costs for each claim were required to be determined. Such a rule would be unworkable and subject to grave abuse.

III.

CONCLUSION

Nothing contained in the petition for certiorari presents a question of any magnitude. What petitioner seeks is a trial de novo in the Supreme Court of the United States in the hope that this Honorable Court, in reviewing the evidence, will reach a conclusion more satisfactory to it. The only federal aspect of this case is that it arises under the copyright laws of the United States. In this respect it presents no issue which has not been determined on innumerable occasions with consistent application of well settled principles. The issue raised concerning costs is also a federal question but as in the case of the other issue, there is no conflict of opinion or unique imposition of rule. No case was cited by the petitioner, nor could any be, which supports its position. That is because the correct view is to the contrary and all cases have consistently so held. It is respectfully requested that the Court deny the petition for writ of certiorari.

Respectfully submitted,

FRANK J. MCGARR
DANIEL A. BECCO
Attorneys for Respondent.

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No. 1047

In the

Supreme Court of the United States

OCTOBER TERM, 1967

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Petitioner,

vs.

BEST MEDIUM PUBLISHING CO., INC.,
Respondent.

REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

ELMER GERTZ
120 South LaSalle Street
Chicago, Illinois 60603
Attorney for Petitioner

The Scheffer Press, Inc.—ANdover 3-6850

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Faced with the difficult task of having to uphold an indefensible judgment, respondent has sought to cast doubt upon petitioner's statement of the case in its petition for certiorari and, in the process, has done what it accuses petitioner of doing,—it has misstated the facts. This is shown on page 2 of its brief, where it accuses petitioner of failing to comply with Supreme Court Rule 40(e). Even a cursory reading of this rule shows that it does not apply to the present situation, but only to "briefs of an appellant or petitioner on the merits."

The central and most important misstatement by respondent is that "the basic underlying argument on which petitioner relies to reverse this judgment is that the trial court misconstrued the evidence." (Br. 5) Nothing could be further from the truth. Petitioner does not here challenge the findings of fact of the trial court, only the rulings of law which are applied to these findings. The trial court's ruling, affirmed by the Court of Appeals, was not based upon its findings of fact, but in spite of them. The improper result was based upon a specious rule of law which has no support in the cases or in fact. It was one supposedly drawn from treatise writers:

> "The court concludes that where no conditions are stated at the time of the sale of an article, the law implies that there is a complete sale of the article and the publisher has full rights thereto.
>
> "It would seem to be the law as established by the treatises that where an author sells an article to a periodical without specification of the rights he is conveying that he transfers his entire right to the publisher who has the right to copyright thereon." (Supp. App. 3)

What is more, the authorities cited by the District Court in support of this proposition do not apply to the admitted facts of this case. "Magazine Rights—A Division of Indivisible Copyright," 40 Cornell Law Quarterly, 411, 438 states:

> "*In the absence of evidence to the contrary,* the transfer by an author to a magazine publisher of a manuscript without restriction is deemed to carry with it all right, title, and interest, including all rights of copyright, therein." (Supp.App. 3) (emphasis added)

Here there was much evidence to the contrary, found by the trial court, which it overrode by this supposed rule.

In *Lin-Brook Builders Hardware* v. *Gertler*, 352 F.2d 298, 300 (9th Cir. 1965), the only case cited to support its proposition, the court says that in the situation where the author is engaged by the publisher to produce a work, "the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done." (Supp.App. 4) Here, we are dealing with free-lance writers who have written the articles on their own, not those commissioned by the publisher to do work for it. This case has no relevance to the one at bar.

This major point was not even mentioned in the opinion of the Court of Appeals. This is a misstatement of an important rule of law as far as copyright issues are concerned, one wholly inconsistent with the constitutional protection of authors and should be reviewed by this Court for the reasons set out in the Petition for Certiorari. This is the keystone of the entire decision by the trial court. If his ruling on this point falls, as we believe it should, the entire basis of his decision is undercut. Not alone petitioner but all authors and publishers will feel the adverse effect of the erroneous ruling.

In this same vein, while pages 10-13 of the Petition for Certiorari did discuss the evidence introduced below, it was to point up the failure of the trial court and the Court of Appeals to follow another well-known rule of law which they both ignored, *i.e.*, that where a party fails to produce evidence in his control it will be presumed that such evidence is favorable to his opponent. It is

uncontradicted that the rights purchased by a publisher are frequently stated upon the manuscript submitted to the publisher by the author, and that respondent failed to produce even one such manuscript. In its "Correction of Misstatements" respondent contends that it produced "uncontradicted testimony of plaintiff's editor that all manuscripts were routinely destroyed after six months and a microfilm copy retained." (Br. 3) This is no explanation, but only an excuse, which shows that respondent destroyed the one item of evidence which could conceivably prove the claim which it asserts. How does this indicate that the destroyed evidence would not be favorable to petitioner? On the contrary, the inference is unmistakable that if the manuscripts did in fact support respondent's claim that it had purchased all rights to the articles, they would not be destroyed, but would be kept for just such a contingency as they allege occurred here.

The other point raised by petitioner's discussion of the evidence before the trial court is that despite his finding that petitioner's "evidence supported its contention that there is an established custom and usage that free lance authors selling to a tabloid sell only first rights," the trial court based its decision upon the spurious rule of law drawn from treatise writers as discussed above. Petitioner is not requesting this Court to review the evidence herein, but to require that the correct rules of law be applied thereto.

Respondent attempts to show with respect to the Hollywood material involved in four of the counts, that there is no dispute among the circuits concerning the originality requirement of copyright. Such attempt is indeed frivolous. The Seventh Circuit has held that this originality

requirement means nothing more than a prohibition of actual word for word copying. (Petition for Certiorari, p. 19) Numerous cases in other circuits have held exactly to the contrary. Copyrighted work based on material in the public domain can be infringed only when so transformed by the first taker as to entitle him to a claim of originality, and not merely the pretense thereto. *Greenbie* v. *Noble,* 151 F.Supp. 45, 65 (S.D.N.Y. 1957). Originality means that "the author has created it by his own skill, labor and judgment." *Gordon* v. *Weir,* 111 F. Supp. 117, 123 (E.D.Mich. 1953), *aff'd* 216 F.2d 508. It is not simply a matter of using paste pot and shears, or stringing together a bunch of press releases. The statements of the court in *Chamberlin* v. *Uris Sales Corp.,* 150 F.2d 512, 513 (2d Cir. 1945), quoted at page 19 of the Petition for Certiorari, are directly contrary to the holding in this and the other Seventh Circuit cases, and respondent's attempt to distinguish this case is unavailing.

Respondent refers to

> "The evidence concerning the very thorough check-out conducted by plaintiff's employees, the manner in which the ideas for feature stories originated, how they were assembled, assigned, subsequently re-written in certain instances, and eventually editored [sic] by the desk man for final publication. . . ."

to support its contention that its articles referring to Hollywood personalities contain the originality required under the copyright law. (Br. 7) What it fails to point out is that this volume of evidence to which it refers is nothing more than the unsupported, self-serving statements of its employees, not relied upon by the court. Again, the manuscripts, which are the best evidence of the things done to prepare the stories for publication, have been destroyed by respondent so that the actual

work done on these articles cannot be established. In contrast, petitioner introduced its manuscripts so the court could ascertain the work it had done in preparing its stories for publication.

Petitioner is loathe to argue evidence in this Court, but the misstatements of respondent, in the guise of corrections, leaves it no choice. Respondent accuses petitioner of stating that every author stated that he had sold to respondent no more than one-time rights in the story. This is not what petitioner said. In any event, the evidence introduced by petitioner as to each article is summarized as follows:

Article	Type of evidence	Substance of evidence	App. page
Mayfield	letter from author	Author had never sold all rights to the plaintiff, but only one time usage.	144
Marx	letter from syndicator	Text of the article came from Australia and syndicator had right to sell.	137
Mason	letter from syndicator	Syndicator had been given right to syndicate this article by the author.	137
Hermit	letter from author; and offer of proof as to author's testimony	He had sold only first rights to this story to plaintiff.	74, 152
Raft	letter from syndicator	Text of article came from Australia and syndicator had right to sell it.	134
Jailhouse Romance	offer of proof as to testimony of author	He sold only first rights to plaintiff.	74
Gas Station Marriage	letter from author; offer of proof as to author's testimony; letter from syndicator	He sold only first rights to plaintiff. Plaintiff purchased only one time usage.	74, 152 159
Wayne	letter from syndicator	Syndicator had been given the right to syndicate this article by the author.	143
Bee Stings	testimony of author and syndicator	Plaintiff had been sold one-time rights only.	89

Respondent states that three of the six articles were printed by petitioner after service of summons in this case. (Br. 3) Of course, since these three articles were not included in the original complaint, petitioner had no way of knowing that they had been previously printed by respondent. Besides, in each instance the authors assured petitioner of their right to sell the articles to it.

While the editor of the Insider did admit that he saw one of the articles in the Enquirer, he had been assured both orally and in writing by the author that only one-time usage had been sold to respondent. (Appendix 69) This fact points up the arguments in the Petition for Certiorari, that as a result of the spurious rule of law pronounced by the trial court, reliance by a publisher on assurances by the author that he has retained resale rights in his article will not protect him.

Respondent's characterization of the trial court's findings upon the issue of custom and usage is completely false. The trial court specifically held that petitioner's "evidence supports its contention that there is an established custom and usage that free lance authors selling to a tabloid sell only first rights." (Supp. App. 7) The court made no similar finding with respect to respondent's evidence on this point. The court did not declare respondent's evidence superior to petitioner's. The most that it did was summarize the testimony of one of respondent's "experts." (Supp.App. 11) In reaching its conclusion, the trial court then completely ignored the custom and usage evidence which it had accepted as true. (Supp. App. 13-14) Regardless of who had the burden of proving custom and usage, it is undisputed that petitioner did in fact carry the burden of proving the custom in the industry.

CONCLUSION

It is apparent from the Petition for Certiorari and the matters stated above that this case does indeed present unique and important issues of law in the copyright field, as well as important constitutional issues which will affect all authors and publishers. For these reasons, petitioner requests that this Court grant the petition for certiorari.

Respectfully submitted,

ELMER GERTZ,
Attorney for Petitioner.

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To the Justices of the Supreme Court of the United States:

It is respectfully submitted that, in denying the petition for certiorari herein, on March 4, 1968, the Court has not fully realized the significance of the issues presented therein—the urgent necessity of a definitive determination of the rights conveyed by an author. Since filing the petition for certiorari and the reply to Respondent's brief, petitioner has become more fully aware of further information which shows how important and pervasive are the issues raised herein, not simply to petitioner, but to all authors and publishers.

The entire case boils down to one major issue of basic law which was not even passed upon by the Court of Appeals, although it was extensively briefed by both sides. Once again, petitioner is forced to set out this erroneous, baseless and mischievous rule as stated by the trial court:

> "The court concludes that where no conditions are stated at the time of the sale of an article, the law implies that there is a complete sale of the article and the publisher has full rights thereto.
>
> "It would seem to be the law as established by the treatises that where an author sells an article to a periodical without specification of the rights he is conveying that he transfers his entire right to the publisher who has the right to copyright thereon." (Supp. App. 3)

Since the various briefs were filed, petitioner has become aware of additional authority which shows that this conclusion is not true, in fact or in law. In the March 4, 1968 issue of *Publishers' Weekly,* the book trade journal, there is a discussion of the present case (p. 37). After summarizing the facts and decision in this case, the writers, Harriet F. Pilpel and Kenneth P. Norwick, experts on copyright problems and the publishing field, state:

> "Actually, it is not at all clear that the 'prevailng practice in the trade' is that when nothing is said, the author sells all rights, and it is for this reason, among others, that the *Insider* is at present asking the United States Supreme Court to review the case. Because of the obvious importance of the issues to so many people, it is hoped that the High Court will take the case and cast some further light on those issues."

Report No. 307 of the American Bar Association Committee on Copyright further shows that this issue is one which cannot be disposed of summarily by a reliance upon mere treatise writers without a full exploration of the ramifications of such a decision. That report states:

> "The committee next considered transfers of original manuscripts and other unpublished works. It was agreed that *absent any written agreement, such a naked conveyance should be presumed to transfer no rights in the copyright.* The more difficult problems, however, concern transactions involving the disposition of rights where an agreement exists which does not deal with all the rights comprised in a copyright. It is in this sphere that the conflicts between creators and users are most pronounced.
>
> * * *
>
> "Some specific problems which engaged the committee's attention were as follows:
>
> (1) Where the transaction obviously involves the grant of some rights to the user but the rights are not spelled out, what presumptions should apply? For example, where a manuscript is submitted to a magazine for purpose of publication and no contract or other agreement is executed, what specific rights shall the magazine be presumed to have obtained? Shall the user obtain only those rights it normally exercises (i.e., first serial rights), all publishing rights, or all rights of exploitation including non-publishing rights?" (emphasis supplied)

Thus, a committee of the American Bar Association composed of attorneys most vitally interested and most familiar with this field of law was not at all convinced that the problem was as easily solved as the District Court and Court of Appeals would have us believe.

It must be pointed out again, that not only did the District Court rely upon such erroneous presumption, but used it to override evidence of the custom in the industry which the trial judge himself had found persuasive. It is clear that this issue is one of great importance which should be decided by this Court. In a time where freedom of expression is particularly important, the opinion of the courts below, if allowed to stand, will serve only to repress and inhibit the free flow of ideas, in addition to impairing the protection afforded authors by the Constitution of the United States.

That this issue is one of great importance for many people connected with many areas of interest is illustrated by two letters received by petitioner's attorney.

On January 26, 1968, Walter J. Derenberg, secretary of the Copyright Society of America and a copyright authority of great reputation, wrote:

> "Many thanks for the copy of the petition for certiorari in the *National Insider Inc.* v. *Best Medium* case. I am very interested to have this for my records.
>
> * * *
>
> "Hope the Court will take the case; the decision should be reversed."

The Assistant General Counsel of the United States Information Agency wrote, on February 28, 1968:

> "*Because the issues involved* [in this case] *are of daily interest* for the Rights Clearance function of this office, I would greatly appreciate a copy of your Petition and Brief." (Emphasis supplied)

These letters, and others that could be cited, show the great importance placed upon the problems presented herein by those who are actually involved in this field on

a day-to-day basis. These problems are too important to be resolved by mere reference to treatise writers. Had these few uninformed treatise writers based their conclusions upon actual cases, actual custom and usage and other such circumstances, they might have been entitled to some consideration. This was obviously not the case. We have here a situation of such prime importance as to merit the intervention of this court in order to implement the constitutional rights of authors.

Petitioner therefore prays that this Court grant rehearing herein and that upon such rehearing the Petition for the Writ of Certiorari should be granted and the judgments below reversed.

Respectfully submitted,

ELMER GERTZ,
Attorney for Petitioner

CERTIFICATE OF ATTORNEY

I, Elmer Gertz, certify that I am the attorney for petitioner herein, National Insider, Inc.; that this petition for rehearing is presented in good faith and not for delay; and the petition is restricted to the above circumstances of substantial effect.

.....

ELMER GERTZ